

Appendix 9: Alleged Misstatements And Freddie Mac Stock's Dividend Adjusted Return and Its Abnormal Return Following Such Alleged Misstatements									
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
No	Summary of Third Amended Complaint's (TAC) Allegations	¶	Date in TAC	Effective Date ¹	Freddie Mac Stock Return ²	Market Return (S&P 500)	Hallman Event Study Model ⁵		
							Abnormal Return ³	t-Statistics ⁴	Two-Tail P-Value
1.	On January 24, 2006, in a Company press release entitled "Freddie Mac Chairman and CEO Richard Syron Discusses Company's Risk Management, Vital Role in America's Housing Finance System," Defendant Syron allegedly made false claims that Freddie Mac continues to manage interest-rate and other risks prudently.	140	1/24/2006	1/25/2006	-0.13%	-0.17%	0.03%	0.025	98.00%
2.	On February 1, 2006, at a Citigroup Financial Services Conference, Defendant McQuade allegedly misrepresented Freddie Mac's risk position.	141	2/1/2006	2/1/2006	-1.01%	0.19%	-1.12%	-1.087	27.81%
3.	On March 31, 2006, Freddie Mac issued a press release allegedly claiming "Company Maintains Strong Capital Position."	215	3/31/2006	3/31/2006	-2.32%	-0.41%	-1.98%	-1.924	5.56%
4.	In Freddie Mac's May 30, 2006 Fourth Quarter 2005 Earnings Conference Call, Defendant McQuade allegedly misstated that Freddie Mac's participation in non-traditional mortgage products has been and will continue to be deliberate, responsible, and accompanied by appropriate risk return considerations.	142	5/30/2006	5/31/2006	-2.50%	0.81%	-3.07%	-2.978	0.32%
5.	In June 2006, Mortgage Banking magazine published an article by Defendant Syron entitled "The Enduring Mission of the GSEs." In it, he allegedly misrepresented Freddie Mac's risk profile and capital level.	143	6/1/2006	6/1/2006	1.03%	1.23%	0.14%	0.135	89.26%
6.	On August 1, 2006, Freddie Mac issued a press release entitled "Freddie Mac Voluntarily Adopts Temporary Limited Growth for Retained Portfolio." In it, Defendants allegedly misstated Freddie Mac's exposure to risk.	145	8/1/2006	8/1/2006	-0.58%	-0.45%	-0.21%	-0.204	83.85%
7.	At a Freddie Mac Market Update, Defendants repeated the substance of that press release, making the following alleged misstatements. "I would emphasize that our underlying business fundamentals are really unchanged from our last call on May 30th. Our low level of interest rate and credit risk is unchanged."	146	8/1/2006	8/2/2006	-0.24%	0.51%	-0.59%	-0.576	56.51%
8.	On September 8, 2006, Defendant Syron allegedly misstated in his prepared remarks at Freddie Mac's Annual Shareholder Meeting that Freddie Mac has a "strong capital position".	214	9/8/2006	9/8/2006	0.51%	0.38%	0.26%	0.249	80.34%
9.	On September 12, 2006, Defendant Syron's prepared remarks at a Lehman Brothers Financial Services Conference allegedly contained the following misrepresentations: Despite these pressures, Freddie Mac has managed to increase shareholder value and sustain our guarantee portfolio market share of the GSE market, while keeping our traditional risks low.	147	9/12/2006	9/12/2006	0.61%	1.04%	-0.13%	-0.131	89.61%

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10.	On September 18, 2006, Senior Vice President and Treasurer of Freddie Mac, Timothy Bitsberger allegedly misstated that Freddie Mac had a “strong and growing capital base” at the Bank of America 36 th Annual Investment Conference.	216	9/18/2006	9/18/2006	-0.51%	0.12%	-0.57%	-0.552	58.12%
11.	On October 3, 2006, Freddie Mac issued a press release entitled “Freddie Mac Provides Market Update; Estimated Net Income for First Half of 2006 of \$2.7 Billion; Company Maintains Strong Capital Position and Continued Solid Risk Management Performance” that includes the alleged false statement from Syron regarding Freddie Mac's prudent risk management and strong capital base. During a Freddie Mac Market Update Conference Call on that date, Defendants McQuade and Syron allegedly made false assurance about the Company's risk management, capital position and financial condition.	148 149 217 218	10/3/2006	10/3/2006	1.34%	0.21%	1.21%	1.177	24.03%
12.	On October 18, 2006, Defendant Syron allegedly made the following misrepresentations: It's why we have purchased the newer, more untraditional loans in a very prudent and balanced way – with very low credit losses as an added benefit.	150	10/18/2006	10/19/2006	-1.91%	0.08%	-1.95%	-1.886	6.05%
13.	During a January 5, 2007 Market Update Conference Call, Defendant Pizsel allegedly made false claims that Freddie Mac displayed very low and well-managed interest rate and credit exposures. The press release on the same day allegedly provided false assurances of Freddie Mac's capital position.	151 219	1/5/2007	1/5/2007	-1.50%	-0.61%	-1.01%	-0.981	32.76%
14.	On January 30, 2007, Defendant Cook presented the following prepared remarks at a Citigroup Financial Services Conference, allegedly downplaying Freddie Mac's risk exposure: This story is played out in our current credit risk measures as well. Through the third quarter, Freddie's total single-family delinquencies and credit losses have stayed at very low, manageable levels.	152	1/30/2007	1/30/2007	-0.15%	0.58%	-0.55%	-0.533	59.45%
15.	On February 8, 2007, Defendant McQuade presented prepared remarks at Credit Suisse Financial Services Conference, allegedly echoing Defendant Cook's January 30th misrepresentations: In addition, despite the changing credit environment and volatile financial markets, Freddie maintained very low interest-rate and credit risk exposures throughout the year.	153	2/8/2007	2/9/2007	0.00%	-0.71%	0.56%	0.540	58.95%

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16.	On February 27, 2007, Freddie Mac issued a press release entitled "Freddie Mac Announces Tougher Subprime Lending Standards to Help Reduce the Risk of Future Borrower Default." where Defendants allegedly made false assurance of purchasing only higher quality subprime mortgages. During two interviews on February 27, 2007, Defendant Syron again allegedly misstated that Freddie Mac had no credit exposure to subprime mortgages.	154 155 156	2/27/2007	2/27/2007	-1.91%	-3.47%	0.71%	0.692	48.97%
17.	On March 23, 2007, in Freddie Mac's 2006 Annual Report, Defendants allegedly misrepresented Freddie Mac's exposure to subprime mortgages, credit risk management, financial condition and capital adequacy. In a press release that accompanied its Annual Report for 2006 Financial Results, Defendants allegedly emphasized that Freddie Mac did not face risk from its nontraditional mortgage exposure and managed capital prudently. During a March 23, 2007 earnings conference call, Defendant Syron discussed Freddie Mac's February 27, 2007 announcement that it would cease buying certain subprime mortgages, allegedly making false claims that the step was not due to increased risk concerns. On the same conference call, Defendant Syron also made alleged false statement regarding Freddie Mac's capital strength. A March 23, 2007 article by Bloomberg News quoted Defendant McQuade's remark that "[w]e don't think we'll lose any money at all on subprime."	156 157 159 160 161 162 164 220	3/23/2007	3/23/2007	0.20%	0.11%	0.15%	0.146	88.44%
18.	In an April 16, 2007 <i>Business Week</i> article entitled "How Big is the Bite on Freddie and Fannie? The mortgage giants' exposure to risky loans could be bigger than they say," Defendant Piszal allegedly gave false assurance of Freddie Mac's subprime exposure and dismissed concerns raised in the article that GSEs are underplaying their exposure to subprime risk.	165	4/16/2007	4/16/2007	3.41%	1.07%	2.65%	2.564	1.09%
19.	On May 14, 2007, Syron allegedly provided further unqualified false assurances regarding FRE's ability to purchase subprime loans without risk: Last month we announced that we will purchase up to \$20 billion in fixed rate and hybrid ARM subprime products structured to limit payment shock on borrowers.	166 167 168	5/14/2007	5/14/2007	-0.99%	-0.18%	-0.83%	-0.803	42.30%

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20.	At the May 17, 2007 Lehman Brothers 10th Annual Financial Services Conference, Defendant Cook echoed Defendant Syron's remarks of May 14, 2007 when she allegedly made false assurance to investors that, "at the end of 2006, Freddie had basically no subprime exposure in our guarantee business, and about \$124 billion of AAA rated subprime exposure in our retained portfolio."	170	5/17/2007	5/17/2007	-0.22%	-0.09%	-0.12%	-0.117	90.72%
21.	On June 8, 2007, Defendant Syron's prepared remarks delivered at Freddie Mac's Annual Stockholders' Meeting allegedly misstated: Your company ended the year in a good position to weather the current housing downturn. . .	173	6/8/2007	6/8/2007	-1.19%	1.14%	-2.01%	-1.945	5.29%
22.	On June 14, 2007, Freddie Mac published its Financial Report for the Three Months Ended March 31, 2007 (the "IQ07 Report"), where Freddie Mac did not quantify its subprime exposure. Freddie Mac did not include any statement regarding its exposure to subprime loans in its Single Family credit guarantee portfolio. On June 14, 2007, Freddie Mac issued a press release entitled "Freddie Mac Releases First Quarter 2007 Financial Results; Company Resumes Quarterly Reporting," which allegedly provided a false financial outlook. During Freddie Mac's first quarter 2007 financial results conference call, Defendants Syron and Pizel allegedly made false statements regarding Company's exposure to subprime, risk management and financial condition.	174 175 177 178 179	6/14/2007	6/14/2007	-0.95%	0.48%	-1.28%	-1.240	21.63%
23.	On July 2, 2007, <i>Bloomberg News</i> quoted Freddie spokesperson Sharon McHale. In response to an estimate of Freddie Mac's mortgage exposure, Ms. McHale allegedly denied that a loss by Freddie Mac in the neighborhood of \$3 billion would deplete Freddie Mac's mandatory capital reserve requirements. McHale allegedly misstated that Freddie Mac was not exposed to losses of that magnitude and that loss estimates of that size were "absurd."	180	7/2/2007	7/3/2007	0.25%	0.36%	0.02%	0.015	98.77%
24.	On July 28, 2007, the <i>Wall Street Journal</i> published an article entitled "Fannie, Freddie Are Said to Suffer in Subprime Mess." In it, Citigroup Inc. analysts estimated that falling prices on subprime mortgage bonds have cut the value of such securities held by Fannie Mae and Freddie Mac by \$4.7 billion, \$3.2 billion of which was attributed to Freddie Mac. A Freddie Mac spokeswoman denied the analysts' estimate and called it "mistaken."	181	7/28/2007	7/30/2007	2.55%	1.03%	1.81%	1.755	8.04%

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25.	On August 30, 2007, Freddie Mac published its Financial Report for the Three and Six Months Ended June 30, 2007 (the "2Q07 Report"), where it allegedly misstated Freddie Mac's exposure to subprime mortgages. At the Freddie Mac second quarter 2007 financial results conference call on that date, Defendant Pisel falsely characterized Freddie Mac's risk.	182 183	8/30/2007	8/30/2007	-5.02%	-0.42%	-4.68%	-4.538	0.00%
26.	On September 10, 2007, at the Lehman Brothers 5 th Annual Financial Services Conference, Defendant Cook further allegedly made false assurance to investors that Freddie Mac's investments in nontraditional mortgages were safe and would not subject Freddie Mac to write-downs.	184	9/10/2007	9/10/2007	-0.95%	-0.13%	-0.82%	-0.799	42.52%
27.	On September 17, 2007, at the Bank of America Securities 37 th Annual Investor Conference, Defendant Pisel again allegedly misrepresented Freddie Mac's risk exposure and falsely denied that Freddie Mac would write down any of its subprime portfolio – a denial that was proven to be untrue just two months later.	185	9/17/2007	9/17/2007	-1.42%	-0.51%	-1.01%	-0.980	32.81%
28.	On November 7, 2007, Freddie Mac issued a press release entitled "Freddie Mac Statement in Response to New York Attorney General Subpoenas," which allegedly continued to conceal the fraud by stating in part: Accurate appraisals are fundamental to our effective credit risk management as well as to the long-term success of the homebuyers we are charted to serve.	187	11/7/2007	11/7/2007	-8.62%	-2.94%	-6.40%	-6.200	0.00%

Note:

1. If the event in question occurs before the market closes (4:00 P.M. ET), then the event date and effective date are the same. However, if the event occurs after the close of market, then the effective date is the following trading date.
2. Freddie Mac Stock Return is the stock's daily dividend adjusted arithmetic return, calculated using data provided by Dr. Hallman. For the S&P 500 (GSPC Index) data, I use the same data source that Dr. Hallman appears to have used, viz. Yahoo! Finance. The above results are based on my replication of Dr. Hallman's event study model.
3. The abnormal return is considered statistically significant at the conventional confidence level of 95% if the t-statistic's absolute value is greater than or equal to 1.96. [See e.g., MacKinlay, A.C. (1997), "Event Studies in Economics and Finance," *Journal of Economic Literature*, vol. 35, pages 13-39.
4. The t-Statistic is a ratio of the abnormal return to the regression standard error, which is the average daily fluctuation in the abnormal return observed over the estimation window. See e.g., MacKinlay, A.C. (1997), "Event Studies in Economics and Finance," *Journal of Economic Literature*, vol. 35, pages 13-39.
5. Predicted and residual returns were calculated using Dr. Hallman's event study model. The intercept and regression coefficient were estimated by regressing Freddie Mac's stock return against the daily percentage change of S&P 500 over the August 1, 2005-July 31, 2006 period.